

## Message Text

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43

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 TRSE-00 OPIC-06 AID-05 RSC-01

/029 W

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R 031055Z FEB 75

FM AMCONSUL BOMBAY

TO USDOC WASHDC

INFO SECSTATE WASHDC 5086

AMEMBASSY NEW DELHI

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS BOMBAY 0274

E. O. 11652: N/A

TAGS: BR TA, BEXP, IN

SUBJ: FOREIGN BUSINESS VISITOR - UPENDRA V. KHASGIWALE,  
UNIMAC CORPORATION, AHMEDABAD

REF: CERP SECTION D; 10 FAM 948

1. MR. UPENDRA V. KHASGIWALE, PROPRIETOR, UNIMAC CORPORATION,  
P.B. NO. 150, MIRZAPUR ROAD, AHMEDABAD, GUJARAT STATE  
(WTDR 02/74) IS SCHEDULED TO VISIT UNITED STATES FEB. 7-28  
COVERING NEW YORK, CHICAGO, DETROIT, MILWAUKEE, DENVER  
AND HOUSTON TO EXPLORE POSSIBILITIES OF AMERICAN  
PARTICIPATION IN AN AUTOMOBILE TRUCK CHASSIS PLANT IN INDIA.  
KHASGIWALE'S MAILING US IS: CARE OF MR. DEV  
VADHERA, 7255 A-S. XENIA CIRCLE, HUNTERS HILLS, ENGLEWOOD,  
COLORADO 80110. TELEPHONE NUMBER NOT KNOWN.

2. UNIMAC IS A SMALL FIRM REPRESENTING FOREIGN PRODUCERS OF  
TRUCKS, FIRE CRASH TENDERS, CONSTRUCTION MACHINERY, ETC.  
KHASGIWALE INFORMED US DURING A PERSONAL INTERVIEW THAT  
HIS PROPOSED PROJECT IS SUPPORTED BY THE GOVERNMENT OF  
GUJARAT STATE AND SEVERAL IMPORTANT PRIVATE BUSINESSMEN.  
HE RECENTLY APPLIED TO THE GOI FOR A "LETTER OF INTENT"  
(APPROVAL IN PRINCIPLE) TO SET UP THE PLANT. CONCURRENTLY,  
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HE IS EXAMINING FEASIBILITY OF THE PROJECT AS WELL AS

AVAILABILITY OF FINANCIAL AND TECHNICAL PARTICIPATION FROM THE UNITED STATES.

3. THE PROJECT ENVISAGES PRODUCTION OF 2000 COMMERCIAL VEHICLES ANNUALLY (ON TWO SHIFT BASIS) OF GVW 30,000 TO 120,000 POUNDS TO BE USED AS HIGHWAY AND OFF HIGHWAY TRUCKS, TRUCK TRACTORS, RESCUE VEHICLES, FIRE CRASH TENDERS, PASSENGER BUSES, CRANE CARRIERS AND VEHICLES FOR MILITARY APPLICATIONS. IN ADDITION, 3000 MANPOWER SHIFT TRANSMISSIONS AS WELL AS 3000 FRONT AND REAR AXLE ASSEMBLIES WILL BE PRODUCED ANNUALLY. "CUMMINS" BRAND DIESEL ENGINES OF 200 TO 500 HP, TIRES OF ALL SIZES AND SEVERAL OTHER COMPONENTS REQUIRED FOR TRUCKS ARE PRODUCED LOCALLY. KHASGIWALE HAS NO INFORMATION ON OTHER ESSENTIAL COMPONENTS. HE PLANS TO CONDUCT A FULL-SCALE SURVEY LATER WITH THE ASSISTANCE OF POTENTIAL PARTICIPANT.

4. ACCORDING TO KHASGIWALE, THE CURRENT DOMESTIC DEMAND FOR FOREGOING TYPES OF VEHICLES IS 13,000 ANNUALLY. CURRENT ANNUAL PRODUCTION OF COMMERCIAL VEHICLES OF ALL TYPES INCLUDING ROAD TRUCKS IS 35,700. FORTY PERCENT OF THE PROPOSED PRODUCTION FROM THE NEW PLANT WILL BE EARMARKED FOR EXPORTS TO THE COUNTRIES IN THE MIDDLE EAST AND FAR EAST.

5. KHASGIWALE IS SEEKING AN AMERICAN PARTNER TO PROVIDE EQUITY CAPITAL AS WELL AS TECHNICAL KNOW-HOW FOR THE PROJECT. PARTICULARS OF THE PROPOSAL ARE BEING AIRPOUCHED 020475.

6. COMMENT: WHILE WE DID NOT HAVE OPPORTUNITY AND TIME TO PROCESS UNIMAC'S PROPOSAL IN DETAIL, IT IS BEING TRANSMITTED AS AN ALERT ON A POSSIBLE INVESTMENT OPPORTUNITY. ACCORDING TO THE JANUARY 28 ECONOMIC TIMES, BOMBAY, SIX FOREIGN FIRMS - VOLVO OF SWEDEN, SAVIEM OF FRANCE, FIAT SPA OF ITALY, INTERNATIONAL HARVESTER OF US, MAN OF WEST GERMANY AND SCAMMEL LORRIES OF UK - HAVE EVINCED INTEREST IN A PROPOSAL TO SET UP A COMMERCIAL VEHICLES PLANT IN INDIA IN THE PUBLIC SECTOR TO MANUFACTURE 24,000 VEHICLES OF 10 METRIC TON PAYLOAD ANNUALLY. VOLVO HAS ALREADY SUBMITTED ITS PROPOSAL AFTER ITS TWO EXPERT TEAMS VISITED UNCLASSIFIED

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INDIA. INTERNATIONAL HARVESTER IS SENDING ITS EXPERTS TO INDIA BY END OF THIS MONTH. OTHER FIRMS HAVE ALSO INTIMATED TO THE GOI THEIR INTENTIONS TO SEND EXPERT TEAMS. THE ECONOMIC TIMES FURTHER ADDS THAT A FINAL DECISION ON THE SUBJECT IS EXPECTED TO BE TAKEN (BY THE GOI) BY END OF MARCH. IN THE MEANWHILE, GOI HAS DECIDED NOT TO LICENSE ADDITIONAL CAPACITY. IN VIEW OF THE FOREGOING, WE WONDER WHETHER KHASGIWALE'S PROJECT WOULD GET GOI CLEARANCE. WE

ALSO HAVE RESERVATIONS ON THE VIABILITY OF THE PROJECT  
(2000 VEHICLES PER ANNUAL).

ACTION REQUESTED: DOC, IN ITS DISCRETION, IS REQUESTED TO  
PROVIDE APPROPRIATE ASSISTANCE AND COURTESIES. A COMMERCIAL  
INVITATION IS BEING ISSUED TO MR. KHASGIWALE.  
BANE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**TAGS:** BTRA, BEXP, IN  
**To:** COM  
**Type:** TE  
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